

**THE FLUCTUATING RELATIONSHIP BETWEEN RUSSIA AND THE
WAGNER GROUP**

by
Preston Feinberg

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Abstract

This study analyzes how the Wagner Group's behavior in various geographic locations has affected their fluctuating relationship with the Russian government and how it has changed over time. This research is important for policymakers and scholars alike because it provides insight into how the Russians conduct their foreign policy to accomplish their geopolitical objectives. The research reviews the Russian-Wagner relationship through the prism of the principal-agent theory. The study hypothesized that as the Wagner Group has become more dispersed in various locations around the world that it would act more independently of the stated objectives of the Kremlin. The data used for this research illuminated the complicated relationship between the Wagner Group and the Russian Ministry of Defense. The study further hypothesized that there would be a greater deal of turmoil within the principal-agent relationship between Russia and the Wagner Group than the data ended up showing. This study has shown that the Kremlin and Putin himself find many more benefits than costs by using the Wagner Group to achieve his foreign policy goals. Looking into the future, one should expect to see the continued proliferation of Private Military Companies (PMCs) like the Wagner Group to continue operating on behalf of or in support of the Russian government's geopolitical objectives.

Primary Reader and Advisor: Dr. Sarah Clark

Secondary Readers and Advisors: Dr. Donald Jensen and Dr. Mark Stout

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Introduction

This study is based on the following question: How has the Wagner Group's behavior in various geographic locations affected their relationship with the Russian government and how has it changed over time? This question is important for policymakers and scholars alike because it can provide insight into how the Russians conduct their foreign policy and through what means and tools they are likely to use to accomplish their geopolitical objectives. The research will analyze the relationship between the two through the prism of the principal-agent theory by looking at the behavioral changes of the agent (Wagner Group) and how it has affected Russia's support for them in different locales. It seeks to answer how this relationship has fluctuated since the Wagner Group's first appearance on the battlefields of eastern Ukraine in 2014. To understand the uniqueness of the Russian-Wagner relationship, this study will review the conceptual framework of a principal-agent of the relationship and seek to answer how the behavior of an agent can determine decisions by the principal. By analyzing how these two actors interact with one another in various locations around the world, the study will review the cost/benefit calculi of the Russian government.

The study analyzes how the delegation of authority, or the lack thereof, from the Russian government to the Wagner Group changes over time and geographies. Furthermore, the study will analyze the Russian's delegation of authority to Wagner and how it has used that authority to make decisions that have at times diverged from their principal's interests. This study contributes to the existing literature on the Russia-Wagner Group

relationship by analyzing it through the principal-agent framework and exploring what costs and benefits Russia has faced as a result of the Wagner Group's actions.

Literature Review

This analysis will describe the current literature that exists on the principal-agent theory and then define Private Military Contractor(s).

Background on the Principal-Agent Theory

The principal-agent theory was originally founded in rational choice theory and further elaborated upon by economic scholars. The model was used to explain business relationships and eventually these theories went from the economic to the political realm.¹ The theory looks at control and accountability deriving from the delegation of responsibility from a principal to its agent (s).² An agent is responsible for performing specific functions on their principal's behalf. What is important about principal-agent analysis is that the conceptual framework has the ability to analyze not only the principal's interests and strategies for the relationship, but also the agent's interests.

¹ Hindmoor, Andy. "Rational Choice." *Theory and Methods in Political Science*. New York. 2010. P. 43.

² Krahmann, Elke. "NATO contracting in Afghanistan: the problem of principal-agent networks." *International Affairs*, Volume 92, Issue 6. November 2016. P. 1404.
<http://web.b.ebscohost.com.proxy1.library.jhu.edu/ehost/pdfviewer/pdfviewer?vid=1&sid=457c8f84-6062-4197-8f26-c57d6ef1e22d%40pdv-v-sessmgr06>

Understanding the principal-agent theory will help one to understand why these relationships can become turbulent and difficult to manage. They are often fraught with distrust between the two parties, especially as interests diverge from one another. The theory helps to explain what can happen when the agent is allowed to make decisions on behalf of their principal and there becomes a divergence of priorities between the principal and its agent (s). Scholars such as Daniel Byman and Sarah Kreps have looked at the relationships between principals and their agents, specifically with regard to state-sponsored terrorism. Although this research study looks at it from a state-private military company (PMC) perspective, the framework of the principal-agent relationship remains similar. An important difference to note though is that a state-sponsored terrorism relationship is likely to revolve around shared ethnicities, ideologies, or religion; whereas a state-PMC relationship may share common nationalities or political philosophies, but more importantly, this type of setup primarily revolves around profitmaking for the mercenary group and a multitude of other reasons for the principal which will be explored in this study.

Additionally, the analysis of delegation of authority from the principal to its agent is key in understanding the changing dynamics of these relationships. According to Byman and Kreps, “Without the practice of delegation, no principal-agent relationship would exist.”³ Byman and Kreps provide strong arguments for why principal-agent analysis has a greater ability to explain dynamics of international conflict.

³ Byman, Daniel, Sarah Kreps. “Agents of Destruction? Applying Principals-Agent Analysis to State-Sponsored Terrorism.” *International Studies Perspectives*. February 2010. 11, p 3.

One of the key reasons principals employ their agents (PMCs) around the world is for the benefit of attempting to achieve their geopolitical goals while having some level of plausible deniability, although the deniability is generally weak. The concept of plausible deniability is important because it can cause confusion and deny the adversary the ability to make a clear connection between the activities of the agent and the intent of the principals⁴, according to Byman. Therefore, overt retaliation against the principal as a result of an agent's actions may be more difficult politically for an adversary, further complicating their decision-making process. An obvious but important point to make is that no principal can constantly monitor their agents' actions. This can often create friction between the two parties when the agent acts outside the expectations or preference of the principal. The risk that the agent will shirk its responsibilities, make a bad decision, or otherwise act in a way that is contrary to the principal's best interest, can be defined as agency costs, which ultimately impact the principal's legitimacy. One solution to reduce these agency costs within the principal-agent problem is for the principal to create incentives, generally financial, for the agent to act more appropriately in the principal's interests.

Tensions Between Principals and their Agents

Principal-agent analysis was an easily transferrable conceptual framework from its origins in business and economic studies to geopolitics because the same types of relationships exist between two parties whether they are licit or illicit. The bedrock of the

⁴ Byman, Daniel, Sarah Kreps. "Agents of Destruction? Applying Principals-Agent Analysis to State-Sponsored Terrorism." *International Studies Perspectives*. February 2010. 11, p 3.

principal-agent relationship is grounded in the delegation of authority, because its existence requires the transfer of some level of decision-making authority from the principal to its agent. That transfer of delegation immediately raises the likelihood that an agent may act or behave in a way that is contradictory to the preference of the principal.⁵ Despite this common problem, principals find delegation helpful in order to reduce their own costs, increase efficiencies, or gain access to expertise it did not have within its own organization.⁶ These factors can explain the tensions that exists between principals and their agents. First, principals can find it difficult to ensure or even enforce that their agents act in their preferred way. Second, principals and agents often have divergent interests. One example of this divergence is that principals are generally seeking to reduce their overall costs, while agents are aiming to maximize their profitability.⁷ Third, principals may attempt to delegate blame to their agents when things may go wrong. Furthermore, agents may attempt to expand their organization's reach beyond their delegated authority to increase their profits and influence at the detriment of the principal.⁸ Fourth, the relationships between principals and agents are shaped by the information shared between the two parties. Both principals and agents may have more information about themselves that the other is unaware of, therefore enabling one or both

⁵ Krahmann, Elke. "NATO contracting in Afghanistan: the problem of principal-agent networks." *International Affairs*, Volume 92, Issue 6. November 2016. P. 1404.
<http://web.b.ebscohost.com.proxy1.library.jhu.edu/ehost/pdfviewer/pdfviewer?vid=1&sid=457c8f84-6062-4197-8f26-c57d6ef1e22d%40pdc-v-sessmgr06>

⁶ Byman, Daniel, Sarah Kreps. "Agents of Destruction? Applying Principals-Agent Analysis to State-Sponsored Terrorism." *International Studies Perspectives*. February 2010. 11, p 3.

⁷ Krahmann, Elke. "NATO contracting in Afghanistan: the problem of principal-agent networks." *International Affairs*, Volume 92, Issue 6. November 2016. P 1413.
<http://web.b.ebscohost.com.proxy1.library.jhu.edu/ehost/pdfviewer/pdfviewer?vid=1&sid=457c8f84-6062-4197-8f26-c57d6ef1e22d%40pdc-v-sessmgr06>

⁸ Byman, Daniel, Sarah Kreps. "Agents of Destruction? Applying Principals-Agent Analysis to State-Sponsored Terrorism." *International Studies Perspectives*. February 2010. 11, p 7.

parties to withhold information.⁹ That being said, the agents have a greater ability to prevent their principals from being able to fully monitor or control their behavior by misstating or hiding their own actions.¹⁰ Both parties go into these arrangements knowing the other may have a hidden agenda or other intentions. This awareness is known as ‘adverse selection’. This concept refers to a situation where one party may have more information than the other, or vice versa, which allows one or the other to have a greater advantage.

Most principal-agent relationships are based on the prospect of mutual gains, though at certain times, those benefits can divert from one another. Byman’s idea of delegation means that the principals will grant some level of autonomy to its agent, which as one could imagine causes several concerns from the standpoint of the principal. D. Roderick Kieiet and Matthew McCubbins have summarized the inherent flaws of delegation through their economic theory in the following way:

Delegation...entails side effects that are known, in the parlance of economic theory, as agency losses. There is almost always some conflict between the interests of those who delegate authority (principals) and agents to whom they delegate it. Agents behave opportunistically, pursuing their own interests subject only to the constraints imposed by their relationship with the principal.¹¹

⁹ Rauchhaus, Robert. “Principal-agent problems in humanitarian intervention: moral hazards, adverse selection, and the commitment dilemma.” *International Studies Quarterly* 53: 4. 2009. p. 872.

¹⁰ Krahmann, Elke. “NATO contracting in Afghanistan: the problem of principal-agent networks.” *International Affairs*, Volume 92, Issue 6. November 2016. P 1413.
<http://web.b.ebscohost.com.proxy1.library.jhu.edu/ehost/pdfviewer/pdfviewer?vid=1&sid=457c8f84-6062-4197-8f26-c57d6ef1e22d%40pdc-v-sessmgr06>

¹¹ Byman, Daniel, Sarah Kreps. “Agents of Destruction? Applying Principals-Agent Analysis to State-Sponsored Terrorism.” *International Studies Perspectives*. 2010. 11, p. 6.

Their perspective is that an agent should behave as the principal would if they were in the same position. This point of view seems more idealist than realistic in many situations, therefore may be an expectation that is not always met. Failure in the principal-agent relationship is often because of the agent's actions deviating from the preferences of the principal and can result in suboptimal results from the standpoint of the principal.¹² This diversion of priorities can often encourage risk-taking by the agent, which can lead to unintended consequences like direct confrontations with the adversary.

In summary, the literature on the principal-agent theory helps to construct a framework to better analyze the costs and benefits of this arrangement for both the principal and agent. To balance the costs and benefits of this relationship, principals must find a way to entrust their delegation of authority they have provided to their agent and vice versa.¹³

What are Private Military Companies (PMCs)?

PMCs are at times without patriotic loyalty, because they are in the business of making money by providing security services and personnel for war. As the world witnessed in the mid-2000s with organizations like Blackwater, Inc. in Iraq, these types of organizations are sometimes hard to control once on the battlefield and present a whole host of issues for their patrons/principals. Scholars going back centuries have written about the use of mercenaries, which are similar but different from PMCs. Whereas a

¹² Byman, Daniel, Sarah Kreps. "Agents of Destruction? Applying Principals-Agent Analysis to State-Sponsored Terrorism." *International Studies Perspectives*. 2010. 11, p. 6.

¹³ Ibid.

mercenary can be an individual offering their skillsets for hire to engage in combat, PMCs are generally formally organized private companies that provide armed combat or security services for financial gain. There have been common themes throughout history that have shown that whether it be war during the Middle Ages or a modern 21st century battlefield, the same issues and problems remain, often causing confusion or even betrayal between principals and their agents. The use of mercenaries and paid combat forces as a tool of warfare is as old as war itself.¹⁴

PMCs are used around the world. P. W. Singer, author of *Corporate Warriors: The Rise of the Privatized Military Industry*, says "In geographic terms, it operates in over 50 countries. It's operated in every single continent but Antarctica."¹⁵ Singer states that in the 1990s there used to be 50 military personnel for every 1 contractor, and now the ratio is 10 to 1.¹⁶ He also points out that these contractors conduct a number of different jobs depending on whom they have been hired by to perform the work. In some countries that have natural resources like oil, gas, and mineral deposits, they are hired for security purposes.

When the average American thinks of PMCs they often think of groups like Blackwater who were used in the later stages of the second Iraq War and were highly criticized for their aggressive and sometimes illegal acts. Since that time, PMCs have proliferated

¹⁴ Dodenhoff, George H. "A Historical Perspective of Mercenaries." *U.S. Naval War College*. March 1969. <https://www.jstor.org/stable/pdf/44641084.pdf?refreqid=excelsior%3Ae0a968e307bc7ae39d75b43b9872f654>

¹⁵ Singer, P.W. "Corporate Warriors: The Rise of the Privatized Military Industry." *Penguin Books*. November 2007.

¹⁶ Ibid.

around the world and have been used by many countries to help them achieve their geopolitical objectives. PMCs are often mentioned with mercenaries, but there are some subtle differences. One of the main differences is that PMCs are usually formal business structures whereas mercenaries are often individuals offering their combat skill sets.

Since 1977 and with the signing of Article 47 of Protocol I to the Geneva Conventions, the most widely accepted definition of a mercenary in international law states:

1. A mercenary shall not have the right to be a combatant or a prisoner of war.
2. A mercenary is any person who:
 - a. is especially recruited locally or abroad in order to fight in an armed conflict;
 - b. does, in fact, take a direct part in the hostilities;
 - c. is motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a Party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar ranks and functions in the armed forces of that Party;
 - d. is neither a national of a Party to the conflict nor a resident of territory controlled by a Party to the conflict;
 - e. is not a member of the armed forces of a Party to the conflict; and

f. has not been sent by a State which is not a Party to the conflict on official duty as a member of its armed forces.¹⁷

One of the most well-known scholars in the Western world, Niccolò Machiavelli, a key figure of the Italian Renaissance, whose work is still studied by scholars, politicians, and professors alike, had strong negative views of mercenaries. Machiavelli referred to them in his well-known book, *The Prince*, published in 1532.¹⁸ He states his personal disdain for mercenaries in chapter XII of *The Prince*: “Concerning Various Kinds of Troops, and Especially Mercenaries”:

“Mercenaries and auxiliaries are useless and dangerous; and if one holds his state based on these arms, he will stand neither firm nor safe; for they are disunited, ambitious and without discipline, unfaithful, valiant before friends, cowardly before enemies; they have neither the fear of God nor fidelity to men, and [one’s own] destruction is deferred only so long as the attack is; for in peace one is robbed by them, and in war by the enemy.”¹⁹

In his analysis, he fails to talk about how paid troops and their patrons can both stand to benefit financially by using their contracted services in addition to the benefit that plausible deniability can provide to a leader.

¹⁷ International Committee of the Red Cross, “Protocol Additional to the Geneva Conventions of 12 August 1949, and Relating to the Protection of Victims of International Armed Conflicts (Protocol I). June 8, 1977,” Geneva, Switzerland, May 2010. www.icrc.org/eng/assets/files/other/icrc_002_0321.pdf

¹⁸ Dodenhoff, George H. “A Historical Perspective of Mercenaries.” *U.S. Naval War College*. March 1969. <https://www.jstor.org/stable/pdf/44641084.pdf?refreqid=excelsior%3Ae0a968e307bc7ae39d75b43b9872f654>

¹⁹ Machiavelli, Niccolò, “*The Prince*”. *Penguin Books*. 1981.

According to Sean McFate, mercenaries and PMCs are the result of the marketization of war, where military force is bought and sold like other commodities, often to the highest bidder, and many times without patriotic loyalties. Though once negatively defined as money grabbing villainous outlaws, mercenaries are emerging from the shadows to once again become a mainstream instrument of world politics.²⁰ Observing mercenaries through McFate's concept of commodification and marketization, a principal must consider how their agents may find other profit-making opportunities where the principal's oversight is less or their delegation of authority was more. McFate highlights these concerns through his detailed definition of what a PMC is in the 21st century. He characterizes them in several ways including; they are motivated more by profit than politics; they are structured as businesses, and some of the large PMCs have even been traded on Wall Street and the London Stock Exchange; they are expeditionary in nature; they typically deploy force in a military manner as opposed to law enforcement; they are lethal and represent the commodification of armed conflict.²¹ For the purpose of this study, McFate provides the most specific and easily identifiable definition of what a PMC is in the 21st century.

Scholars such as Jurgen Brauer, an economist and contributor to the growing field of peace economics, which is the study of economic aspects of peace and security says mercenaries should be observed through an economic perspective and suggests applying

²⁰ McFate, Sean. "Return of the Mercenaries." *Aeon*. January 25, 2016. <https://aeon.co/essays/what-does-the-return-of-mercenary-armies-mean-for-the-world>

²¹ McFate, Sean. "Mercenaries and War: Understanding Private Armies Today." *National Defense University*, p. 2. December 4, 2019. <https://ndupress.ndu.edu/Portals/68/Documents/strat-monograph/mercenaries-and-war.pdf>

an economic analysis when analyzing their behavior. His writing advances the argument that the distinction between ‘public’ and ‘private’ may be less clear than originally thought, and that the most pressing issues concern the monopolization and legitimization of force, not whether it is a private or public entity. When looking at a country like Russia where finite economic resources are one of the main drivers for their growing use of PMCs like the Wagner Group.

It is important to understand the concept of a PMC to see that their number one priority, by design, is not to be a patriotic force, but rather to make a profit. Though it may very well be possible that those common motivations exist, a PMC is designed to profit from the business it conducts, which is of course, war. It is imperative that readers begin this study by having a common understanding of how and why PMCs are used by their principals. As previously discussed, these relationships often have quite different motivations to exist whether it be U.S.-Blackwater or Russia-Wagner Group. Each of these has a distinctive reason and motivation to work with the other.

PMCs have become more well-known in recent times, especially following their use by the United States during the Iraq War in the mid-2000s. Although their use is not new for countries like Russia and formerly the Soviet Union, analysts must note this trend and explain how PMCs fit into the concept of grey-zone and hybrid warfare. One attraction to their use by nation states is that these agents provide the plausible deniability desired by their principals and provides a type of covert nature of the agent’s actions. For example, Russia financially and materially supports - with advanced Russian weapons systems -

the Wagner Group in places like Libya, Syria, and Ukraine while also denying any Russian government involvement in these conflict zones. PMCs are often difficult for common people to identify, making them often a reliable and covert tool.

Hypothesis

Through the analysis of the data collected, the outcome of this study is like to show that the Wagner Group has become more independent in its own delegation of combat and security forces, especially as it has gotten further away from Russian government oversight. Specifically, the data is likely to show that when the Wagner Group began operating in Ukraine in 2014, it was under a stricter Russian command and control apparatus. As Russia's presence has grown in Syria and throughout Africa, it is likely the data will show Wagner Group acted more independently and outside its delegated authority, causing a repeated divergence from the Kremlin's priorities. Because of these actions and behavior, it is likely we will find that Wagner has lost considerable support from within the Kremlin.

Methods

This research looks at several different geographic locations over the last seven years each as their own case study to analyze how the Wagner Group's behavior in various geographic locations has affected their relationship with the Russian government and how has it changed over time. The research will review the Russian-Wagner relationship

through the prism of the principal-agent problem. The study was done using a qualitative approach. Because the principal-agent theory began within economic scholarship, much of the existing scholarship on this subject is quantitative. It is used to understand the dynamics that occur between a principal – “any individual or organization that delegates responsibility to another in order to economize on transaction costs, pursue goals that would otherwise be too costly, or secure expertise”²² – and an agent – an actor or organization given authority to undertake certain actions.²³ By analyzing the principal-agent relationship, the study looks at how the delegation of authority or the lack thereof from the Russian government to its agent, the Wagner Group, changes over time and geographies.

The principal-agent theory is applied to the data by first identifying what the Russian government’s and the Wagner Group’s objective is in each location and identifying instances where the agent, Wagner Group, has veered off from that mutual understanding of their role. This will show when the principal-agent relationship has been strong and at which moments in time there has been a breakdown between the two because of the agent’s miss appropriated delegated authority.

It should be stated upfront, that it is not easy to get details on these murky non-transparent Kremlin-associated, oligarch controlled organizations within Russia, like the Wagner Group. Most of the data collected for this study has come from the work of

²² Kassim, Hussein and Anand Menon. “The principal-agent approach and the study of the European Union: promise unfulfilled?” *Journal of European Public Policy*. 10, no. 1. 2003. P. 122.

²³ Ibid.

investigative journalists, think tank researchers, and publicly released information by the United States Department of Defense. It has been a difficult task for reporters and researchers to closely track the group, which is exactly what it and the Kremlin intend. Some of the data used in this study was collected by the New America research organization who attempted to track and record the digital data on individual members of Russian-backed paramilitary groups and the oligarchs who support them.²⁴

The data provides examples of how the Wagner Group has made operational decisions that are clearly for the sole benefit of their own bottom line and profits rather than for the stated policy or objective of the Russian government.

In summary, by gathering data on certain events that have taken place in Ukraine, Syria and throughout Africa, the study will analyze how the Wagner Group's behavior has changed over time and especially as it has conducted operations further outside of the Kremlin's control and oversight. After analyzing the data, the study should show us how and in what ways the Wagner Group's behavior has affected the principal-agent relationship. The hypothesis' accuracy will be shown through the examination of the Wagner Group's actions to identify if their behavior changed as they gained more delegation of authority and got further outside of Kremlin oversight.

Data

²⁴ Rondeaux, Candace. "Decoding the Wagner Group: Analyzing the Role of Private Military Security Contractors in Russian Proxy Warfare." *New America*. November 2019.
<https://www.newamerica.org/international-security/reports/decoding-wagner-group-analyzing-role-private-military-security-contractors-russian-proxy-warfare/executive-summary-key-findings/>

This study used data from a selection of primary and secondary sources in both English and Russian, which were translated through Google Translate. Please note that there are certain limitations using this tool, so there may be some translation issues.

Background on the Wagner Group's Yevgeny Prigozhin

Understanding the Wagner Group requires first taking a close look at its founder, Yevgeny Prigozhin, his position inside Putin's oligarch-controlled regime, and how the pursuit of power and profit drives his stewardship of delegation of authority provided by the Kremlin. He is the primary financier and manager of Wagner, although he has always denied any and all association with it.²⁵ Prigozhin is also often referred to as "Putin's chef" because he has multiple businesses associated with the Kremlin, including food service and catering contracts. He made his fortune running these catering businesses in the 1990s, which is how his nickname came about. He slowly joined President Vladimir Putin's elite circle of oligarchs when the Russian leader started dining at his luxury floating restaurant in St Petersburg, called New Island.²⁶

In an August 2020 piece published by the investigative organization, Bellingcat, it was reported that Prigozhin's disinformation and military operations have been closely

²⁵ Reynolds, Nathaniel. "Putin's Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group." *Carnegie Endowment for International Peace*. July 2019. <https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

²⁶ Intel Brief. "The Wagner Group: A Russian Symphony of Profit and Politics." *The Cipher Brief*. April 2021. https://www.thecipherbrief.com/column_article/the-wagner-group-a-russian-symphony-of-profit-and-politics

integrated with Russia's Ministry of Defense, specifically its intelligence arm, the GRU.²⁷

In addition to other services provided, it appears through their investigation that Prigozhin uses his various companies to launder money for government-supported overseas operations.²⁸

Like many other Russian oligarchs, Prigozhin has his hands in various lines of businesses, using shadowy offshore firms to control his assets. Several of those businesses are in addition to his catering contracts he maintains with the Russian government. One of those is the Internet Research Agency (IRA), which is the Russian organization that interfered in the U.S. 2016 presidential election. He is also believed to have multiple international mining and natural resource extraction firms, and now the Wagner Group.

Prigozhin has made huge personal and professional financial gains through his sprawling business empire. His catering business alone has provided meals to millions of soldiers, policemen, government lawyers, hospital patients, and schoolchildren for a large tax-funded haul of up to \$3 billion since 2011.²⁹ Prigozhin's Wagner Group forces have been active in Ukraine, Syria, Venezuela, Central African Republic (CAR), Mozambique, Zimbabwe, Madagascar, Libya and other locations. His most recent foreign activity has

²⁷ Bellingcat. "Putin Chef's Kisses of Death: Russia's Shadow Army's State-Run Structure Exposed." *Bellingcat*. August 14, 2020. <https://www.bellingcat.com/news/uk-and-europe/2020/08/14/pmc-structure-exposed/>

²⁸ Bellingcat. "Putin Chef's Kisses of Death: Russia's Shadow Army's State-Run Structure Exposed." *Bellingcat*. August 14, 2020. <https://www.bellingcat.com/news/uk-and-europe/2020/08/14/pmc-structure-exposed/>

²⁹ Ibid.

been primarily focused in Africa, where he also provides political consulting services (including meddling in elections) on behalf of the Kremlin or corrupt regimes on the continent.³⁰

Prigozhin's motivations are largely tied to ensuring his continued membership in Putin's court. By using Wagner and the IRA troll factory to support Putin's domestic and geopolitical objectives - and prove his personal worth - Prigozhin can strengthen his claim on valuable state resources and power.³¹ As with all of Russia's oligarch, the more Prigozhin pleases Putin, the more he gets in return. At the same time, Putin always looms above Prigozhin as with all oligarchs Russia, presiding over the broader system of control. Wagner cannot exist without Putin's blessing, and Prigozhin probably needs the Kremlin's approval for strategic-level decisions, like when and where Wagner is deployed.³²

In addition to providing mercenary forces to fight on behalf of the Kremlin's geopolitical objectives, Prigozhin uses his connections to profit from natural resource extraction in areas where Wagner operates. This started in Syria in 2016–2017, when the Bashar al-Assad regime agreed to pay for their services. The agreement allowed Prigozhin's company one-quarter of the profits from oil and gas fields it helped seize on behalf of the

³⁰ Reynolds, Nathaniel. "Putin's Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group", *Carnegie Endowment for International Peace*. July 2019.
<https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

³¹ Reynolds, Nathaniel. "Putin's Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group", *Carnegie Endowment for International Peace*. July 2019.
<https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

³² Ibid.

Assad regime.³³ This arrangement benefited all three parties involved; it took financial responsibility away from the Russians by finding an alternative revenue source to pay for Wagner's services, it provided Wagner an additional revenue source, and gave the Syrians the additional forces it needed to reclaim some of its lost territory. Such was the success of this arrangement in Syria that later when Wagner began work in Sudan and the Central African Republic, the Kremlin government helped negotiate contracts on their behalf for the mining rights of potential diamond and gold deposits.³⁴ These sorts of arrangement appear to have developed over time, once the Kremlin realized how they can effectively use Wagner forces for their own geopolitical benefit while at the same time, have the local regime pay for their services. This arrangement becomes a win-win for the Kremlin. These sorts of joint-ventures between the Kremlin and oligarchs like Prigozhin benefit both parties within the principal-agent relationship, by providing continuous profits for the Wagner Group in return for assisting the Kremlin's foreign policy objectives.

The group may not offer the Kremlin new ways to wage war or build influence, but its existence is an example of how a more assertive Russia often tries to evade responsibility for actions beyond its borders. Wagner is also a window into the broader dynamics of the Putin regime, including how it harnesses the ambitions and self-interests of elites like Prigozhin to create deniable and flexible tools.³⁵

³³ Ibid.

³⁴ Reynolds, Nathaniel. "Putin's Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group", *Carnegie Endowment for International Peace*. July 2019.
<https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

³⁵ Ibid.

Recent History of PMCs in Russia

Following the Cold War, there was a major growth in the private military and security services industry. They became well known during America's wars in Afghanistan and Iraq. Russia was not different by following this trend of privatizing combat forces. Russia has created its own flavor of PMCs and that rather than utilizing their services solely based on the economic benefits, they see them as unique and strategic tools of Russian influence throughout the world. Highlighted in 2009 by Anna Borshchevskaya, special operations units from the Main Intelligence Directorate (GRU) were put under the direct command to Chief of Staff Nikolay Makarov. A year later, Makarov publicly spoke about the need to use private military companies "for delicate missions abroad."³⁶ The idea became a reality and in April 2012, when then-Prime Minister Vladimir Putin was asked in the Russian Duma about his support for creating a network of Russian private military companies, he responded affirmatively and emphasized that PMCs could be tools of influence abroad, allowing the realization of national interests without the direct involvement of the state.³⁷

Background on the Russia-Wagner Group Relationship

³⁶ Understanding the Russian Military Today. "Band of Brothers: The Wagner Group and the Russian State." CSIS. September 21, 2020. <https://www.csis.org/blogs/post-soviet-post/band-brothers-wagner-group-and-russian-state>

³⁷ Ibid.

The Wagner Group is a privately-held Russian PMC that has become a prominent tool for the Kremlin's geopolitical adventurism throughout the world following their invasion into Ukraine in early 2014.

According to Mikhail Zygar, the former editor of Russia's independent TV news channel, Putin had informed President Bush in 2008 at the NATO Summit that: "If Ukraine joins NATO, it will do so without Crimea and the eastern regions. It will simply fall apart." Following through with his statement in February 2014, Russia's invasion of Ukraine triggered the greatest security crisis in Europe since the end of Cold War. It became a battleground in 2014 when Russia illegally annexed Crimea and began arming and abetting so-called separatists in the Donbas region in the country's southeast. Russia's seizure of Crimea was the first time since World War II that a European state annexed the territory of another.³⁸ Putin's Russia has become a revanchist power, by trying to reclaim territory in its near-abroad and within its small sphere of influence "It was always Putin's goal to restore Russia to the status of a great power in northern Eurasia," Gerard Toal, an international affairs professor at Virginia Tech said. Supporting the so-called separatists there, has empowered Russia to gain leverage over Ukraine, ultimately preventing it from joining the European Union or even more concerning to Russia, NATO membership.

Wagner Group was originally organized through ad hoc decision making and developed as the Kremlin looked for advantageous and politically palatable ways to fight the wars in

³⁸ Intel Brief. "The Wagner Group: A Russian Symphony of Profit and Politics." *The Cipher Brief*. April 2021. https://www.thecipherbrief.com/column_article/the-wagner-group-a-russian-symphony-of-profit-and-politics

Ukraine and Syria in 2014–2015,³⁹ and ultimately to spread Russian influence beyond those two locations into dozens of other places. As a formal matter, PMCs are illegal under the Russian constitution, which reserves all matters of defense, security, and foreign policy for the state.⁴⁰

Though likely partially funded by Prigozhin, and likely indirectly by the Kremlin, the day-to-day operation are believed to be run by Dimitriy Valeryevich Utkin, who was previously a lieutenant colonel and brigade commander of a Russian special forces (*spetsnaz*) unit that is part of Russia's Main Intelligence Directorate (GRU).⁴¹ An example of how close the Russian state and the Wagner Group are with one another, someone does not have to look much further than their shared base in Molkino, Russia. What makes this basing arrangement so unusual is that it is operated jointly by the 10th Separate Special Purpose Brigade of Russia's GRU and the Wagner Group.⁴² After passing the first checkpoint guarded by GRU soldiers, if one drives left, they will come to the GRU facility, while the road on the right leads to the Wagner barracks.⁴³

³⁹ Reynolds, Nathaniel. "Putin's Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group." *Carnegie Endowment for International Peace*. July 2019.

<https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

⁴⁰ Marten, Kimberly. "Into Africa: Prigozhin, Wagner, and the Russian Military." *PONARS Eurasia*. Policy Memo No. 561. January 2019.

⁴¹ Ibid.

⁴² Understanding the Russian Military Today. "Band of Brothers: The Wagner Group and the Russian State." CSIS. September 21, 2020. <https://www.csis.org/blogs/post-soviet-post/band-brothers-wagner-group-and-russian-state>

⁴³ Understanding the Russian Military Today. "Band of Brothers: The Wagner Group and the Russian State." CSIS. September 21, 2020. <https://www.csis.org/blogs/post-soviet-post/band-brothers-wagner-group-and-russian-state>

Moscow first sent the Wagner Group to Ukraine when it needed to fight a covert war, have plausible deniability, hide casualty numbers from the Russian public, and minimize the consequences it may face from the international community as a result of its gross violation of its neighbor's sovereignty. By using so-called volunteers and other groups of irregular forces like PMCs in Ukraine, the Kremlin was able to reduce the number of active duty troops deployed there, allowing them to conceal their presence.

After conducting operations in the eastern Donbas region by aiding the so-called separatist forces in the self-declared Donetsk and Luhanks People's Republics, the Kremlin started to demobilize some of these irregular groups forces, as the war slowed to a simmer. But the Russian intervention in Syria gave Wagner new life just as business slowed in Ukraine. At the time, the Russian General Staff of the Armed Forces saw this as an opportunity to push forward its long-standing plans to create a structured and professional permanent PMC force. By turning Wagner into its vision of its desired PMC, the General Staff saw them as a way to help Bashar al-Assad's Syrian forces on the ground and to reduce public acknowledgement of casualties.⁴⁴

The Wagner Group's Role in Syria

The Kremlin's decision to intervene in Syria in 2015 resulted from a confluence of geopolitical events and military conditions on the ground. The conflict offered Russia the

⁴⁴ Reynolds, Nathaniel. "Putin's Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group." *Carnegie Endowment for International Peace*. July 2019.
<https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

opportunity to utilize its military and updated weapons systems that it had been modernizing for the last decade. Russia officially launched its airstrikes in Syria in September 2015, but Russian advisors had actually been on the ground assisting Syrian President, Bashar al-Assad's forces for at least a year. In addition to filling the vacuum that had been left in the region as the United States pulled its combat forces out of Iraq, Moscow's true objective was to gain enough influence and maintain its close relationship with its client state, Syria. Although it was fairly risky to intervene, the benefits were seen to eventually outweigh the risks. Although they did see a risk with the proliferation of ISIS, their larger goal was to be seen on the world stage as directing a political settlement in Syria, showing Russia's status as a global power. Russia has now been formally involved in combat operations within Syria for over five years, with not sign of leaving soon.

By 2015, Wagner forces were operating on the ground in Syria. During these operations, the Syrian army was supported by Russian military aviation, while Wagner mercenaries were on the front lines with disparate Arab groups. In Syria, the Wagner Group provided primarily four functions as a ground force: First, it showed it could be successfully employed in military-related tasks alongside Bashar al-Assad's forces. Second, it could be used jointly or in conjunction with regular Russian military troops such as spetsnaz and the Aerospace Forces for intelligence gathering and reconnaissance. Third, this force could be used to protect critical infrastructure on behalf of the Assad regime. Fourth,

another useful area of application for Wagner has been training local forces allied with the regime.⁴⁵

The peak of the Wagner Group's success in Syria was the capture of Palmyra in 2016, in which Wagner's fighters played a decisive role.⁴⁶ This was considered such a huge success for the Wagner Group, that the Kremlin even invited Wagner's leadership to attend a reception with Russian government leadership, including Vladimir Putin, for the Heroes of the Fatherland on December 9, 2016.⁴⁷

The Principal-Agent Problem in Syria

On February 7, 2018 there was a major battle in Deir Ezzor, Syria between American Special Forces guarding a Conoco gas plant, U.S.-supported Syrian Defense Forces (SDF), and the Wagner Group. It risked sparking a serious escalation between U.S. and Russian forces in Syria. The Russian mercenaries began their approach by crossing the internal deconfliction line in eastern Syria that had been agreed to by U.S. and Russian forces in 2015.⁴⁸ At the time, American forces were trying to get in touch with their Russian counterparts, requesting the attack be immediately halted, but it continued anyway. U.S. forces used the previously agreed upon Syria deconfliction line to try and

⁴⁵ Sukhankin, Sergey. "Russian PMCs in the Syrian Civil War: From Slavonic Corps to Wagner Group and Beyond." *The Jamestown Foundation*. December 18, 2019. <https://jamestown.org/program/russian-pmcs-in-the-syrian-civil-war-from-slavonic-corps-to-wagner-group-and-beyond/>

⁴⁶ The Bell. "A private army for the president: the story of Yevgeny Prigozhin's most delicate assignment." *The Bell*. January 29, 2019. <https://thebell.io/41889-2>

⁴⁷ Ibid.

⁴⁸ Debka. "Russia Flies 2,000 Mercenary Troops into Syria." *DEBKAFile*. 2017. <https://www.debka.com/russia-flies-2000-mercenary-troops-into-syria/>

communicate with Russian military commanders in Syria “before, during, and after the strike,” according to the Pentagon, and were later “assured by the Russians that there were no Russians involved,” then-Secretary of Defense Jim Mattis said.⁴⁹ But since U.S. commanders were closely following the progress of the attacking mercenary forces as they crossed the de-confliction zone, it is clear that Russian military intelligence in the region was aware of the group’s movements. The attack was reportedly not sanctioned by the command of the Russian group of forces in Syria, according to two unnamed sources in the Russian MoD, according to a journalistic investigation by the independent Russian website *The Bell*. The military was “just dumbfounded” by this willingness to engage in such a brazen act, according to one source identified.⁵⁰ A few days later, the Russian Foreign Ministry had to admit that Russian citizens who were not associated with the Russian armed forces participated in the battle but that it was not the business of the Ministry of Foreign Affairs to assess the legality and legality of such decisions.

In later interviews, Wagner forces disputed the military’s claim of ignorance and voiced suspicions that Russian officers let U.S. forces decimate Wagner fighters to embarrass Prigozhin.⁵¹ One former member even claimed that a Russian military officer pledged air cover for the operation, but nothing materialized.⁵² In Syria, Wagner eventually took on

⁴⁹ Eckel, Mike. “Pentagon says U.S. was told no Russians involved in Syria Attack.” *RFE/RL.com*. February 23, 2018. <https://www.rferl.org/a/syria-deir-zor-attack-pentagon-russians-involved/29058555.html>

⁵⁰ The Bell. “A private army for the president: the story of Yevgeny Prigozhin's most delicate assignment.” *The Bell*. January 29, 2019. <https://thebell.io/41889-2>

⁵¹ Guselnikov, Andrey. “Fighter PMC Wagner: “Lafa ended after a quarrel between Shoigu and Prigozhin.” *URA.RU*. October 19, 2018. <https://ura.news/articles/1036276546.Translation> (Translation by Google Translate).

⁵² Reynolds, Nathaniel. “Putin’s Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group.” *Carnegie Endowment for International Peace*. July 2019.

two roles, one for itself and one for the Kremlin. Its own priority was seizing and defending oil and gas assets, in which Prigozhin had a financial stake in while the other was to fight alongside pro-Assad forces to gain back territory lost by the regime.⁵³ It seems as though Wagner Group was diverging from the delegated authority it had been given by the Kremlin. As a result of this behavior, the Russians responded in kind by disregarding the Wagner Group's interests.

At another time, Wagner forces posted self-incriminating videos into semi-public online forums, where they chronicled the torture, murder and beheading of a Syrian civilian near Palmyra.⁵⁴ Another bad public relations moment for the Russian government that put their propaganda outlets on overdrive to crowd out the bad news story.

Immediately following the February 2018 attack, the Russian MoD had a period of time where it attempted to keep Prigozhin at an arm's length as they have found him and his group's behavior not always helpful in their efforts. The MoD officials even allowed for their contracts with Wagner to dry up, to force Prigozhin to go and find his own contracts outside of the Russian government and with weak regimes.⁵⁵ The Russian military leadership has little respect for him and do not think he understands combat because he has no military background. Furthermore, the senior officer corps might resent the

<https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

⁵³ Ibid.

⁵⁴ Bellingcat. "Putin Chef's Kisses of Death: Russia's Shadow Army's State-Run Structure Exposed." *Bellingcat*. August 14, 2020. <https://www.bellingcat.com/news/uk-and-europe/2020/08/14/pmc-structure-exposed/>

⁵⁵ Japaridze, Misha. "Putin's Chef Prigozhin Loses Defense Ministry's Favor, Report Says." *The Moscow Times*. March 2, 2018. <https://www.themoscowtimes.com/2018/03/02/putins-chef-prigozhin-loses-defense-ministrys-favor-report-says-a60686>

interference of a profit-seeking oligarch into areas where there are ongoing Russian military operations. Russian MoD leaders have anonymously reported that they have concerns that Russia could face a situation like it did in Ukraine, where oligarchs (according to the Russian analysts) raised militias that “dictate” government policy.⁵⁶ Russian commanders might have been worried that an oligarch like Prigozhin could dictate policy and could therefor lead Russia into unwanted conflicts.⁵⁷ The military perceives much of the oligarch class such as Prigozhin as thoroughly corrupt and not well intentioned for Russia’s national security, but rather at further lining their own pockets. Additional disputes between Prigozhin and military leadership included a disagreement with Russia’s Defense Minister Sergei Shoigu reportedly over to whom Putin should give credit for military successes in Syria.⁵⁸ Amid growing tensions between the two men, the military’s deliveries of weapons and supplies to Wagner dried up, as did the lucrative defense contracts that had been flowing to Prigozhin’s companies. This was not a complete breakdown, however, as the Kremlin’s needs demanded some cooperation between the military and Wagner.

There are two reasons that the Russian military has been dissatisfied with Prigozhin. The first is highlighted in Russian reporter Denis Korotkov’s statement from August 2017, six months before the Deir Ezzor event. He said, “In 2016, according to all our sources, there

⁵⁶ Rondeaux, Candace. “Decoding the Wagner Group: Analyzing the Role of Private Military Security Contractors in Russian Proxy Warfare.” *New America*. November 2019.

⁵⁷ Falichev, Olev. 2016. “Oxhrana Dlya Karmana [A Guard for the Pocket].” *Voенно-promyshlennyi Kur’er* (11), March 23, 2015. (Translation by Google Translate).

⁵⁸ Reynolds, Nathaniel. “Putin’s Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group.” *Carnegie Endowment for International Peace*. July 2019.
<https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

was very close cooperation (between Wagner and the Russian Defense Ministry) at all levels: aviation-artillery support, weapons supplies, military hardware, ammunition, and evacuation of the wounded.... At some point in 2017, the support suddenly dried up, especially when it came to weapons. Everyone was fairly surprised that the cash allowance dried up suddenly.”⁵⁹ The second are reports that in 2017 the MoD started refusing to pay Prigozhin for catering and cleaning contracts he had with the military. Four of his companies filed suit against the Defense Ministry to have the contracts enforced, and three of them were ordered by the courts to be fully or partially repaid.”⁶⁰ As with all levers of government in Russia, Putin could have ultimately gotten involved to ensure such an outcome for his friend, Prigozhin, but the data does not exist in the public domain.

Africa – Course Correction in the Relationship

Much like Syria, Russian foreign policy in Africa is about taking advantage of dangerous conflict zones to gain access, create financial opportunities, and increase influence. Since the end of 2017, Wagner personnel have begun to appear in various countries around Africa. These developments show the transformation of how Wagner Group conducted its business and was further utilized by the Russian government. Similar to the deal Prigozhin has with Assad, *The Bell* reported that Prigozhin met with Sudanese authorities

⁵⁹Berg, Evgeny. “People Think It Doesn’t Affect Them. But It Affects Everyone.” *Meduza.io*. August 30, 2017. <https://meduza.io/en/feature/2017/08/30/people-think-it-doesn-t-affect-them-but-it-affects-everyone>

⁶⁰ Yakoreva, Abel, S. Reiter. “‘Restorator Putina’ Perestal Byt’ Lyubimym Podryadchikom Minobornoy [‘Putin’s Restaurateur’ Stopped Being the Favorite Contractor of the Defense Ministry].” *The Bell*, March 2, 2018. <https://thebell.io/restorator-putina-perestal-byt-lyubimym-podryadchikom-minoborony/> (Translation by Google Translate).

to make a deal for the extraction of gold in exchange for the training of the regime's army. These sorts of business arrangements would not be made without the blessing of the Kremlin. Within a year, Russia was suspected of sending troops to Libya, and soon thereafter, Prigozhin was caught on video participating in a meeting with the Libyan Armed Forces High Command and as it turned out, he was personally present at the talks in Moscow between Russian Defense Minister Sergei Shoigu and Libyan National Army (LNA) Field Marshal Khalifa Haftar.⁶¹



Photo: Yevgeny Prigozhin is in the back left of the photo. The video screenshot is from the Information Bureau of the Libyan Armed Forces High Command – November 7, 2018⁶²

In Libya, the Kremlin was more than happy to fill the vacuum left by the United States and its NATO allies, becoming friendlier with Egypt and the Emirates, and to position Russian firms for commercial gain. Until Turkey's recent escalation in Libya within the

⁶¹ Stronski, Paul. "Implausible Deniability: Russia's Private Military Companies." *Carnegie Endowment for International Peace*. June 2, 2020. <https://carnegieendowment.org/2020/06/02/implausible-deniability-russia-s-private-military-companies-pub-81954>

⁶² Information Bureau of the Libyan Armed Forces High Command. November 7, 2018.

last year, Russian involvement there carried few direct risks because of its reliance on Wagner the Kremlin could keep costs low and maintain a degree of deniability.⁶³

Wagner Group has expanded its operations into Sudan, Central African Republic (CAR) and Libya, where it protects Prigozhin's investments. Again, another example how Prigozhin's top priority remains his bottom line over the specific geopolitical aims of the Russian Federation.

Wagner's utility continued to be expendable and a deniable tool of Prigozhin's public-private partnership with the Kremlin as was shown again in Mozambique in 2019. Mozambican President Filipe Nyusi visited Russia in August of 2019 and signed agreements with Putin on mineral and energy exploration as well as defense and security cooperation. Within one month of that agreement, Wagner personnel were already deployed to Mozambique to help tamp down an Islamist antigovernment insurgency in the north of the country, where significant deposits of natural gas are located.⁶⁴ This provides another example of how the Kremlin can greatly expand its influence in both economic and security terms while not having to use Russian forces on the ground, but instead use Wagner Group who can gain its pay through resource extraction. For the three parties involved, this looks like an attractive arrangement.

⁶³ Stronski, Paul. "Implausible Deniability: Russia's Private Military Companies." *Carnegie Endowment for International Peace*. June 2, 2020. <https://carnegieendowment.org/2020/06/02/implausible-deniability-russia-s-private-military-companies-pub-81954>

⁶⁴ Ibid.

It is important to note that the Wagner Group's deployments throughout Africa in places like Sudan, Mozambique, CAR, Madagascar, and others represent an important evolution for the group. Prigozhin learned from his profitable arrangement with Bashar al-Assad and has used that template and his organizations to control the valuable natural resources including gold, diamonds, and oil. In some of these locations, Wagner is not necessarily even operating in an active combat role like it had previously done in Ukraine and Syria. Instead, it has been a security provider to important assets, projects, and high level government officials within these various regimes.

Libya

Libya has been in turmoil since the Arab Spring in 2011 and when a NATO-led intervention ultimately toppled longtime dictator Moammar Gaddafi. The most recent civil war has been a long simmering situation with multiple nation-state actors becoming more involved by providing growing support to proxies within the north African country. One side is a Tripoli-based Muslim Brotherhood-affiliated Government of National Accord (GNA) based in the western part of the country and led by Prime Minister Fayez al-Sarraj. The United Nations recognized the GNA as the legitimate government but has been largely supported by Turkey and less overtly by Qatar. As Turkey has been the most prominent supporter of the GNA, it has regularly sent advanced weaponry and personnel to support their forces in Libya. In the eastern part of the country is the Libyan National Army (LNA) led by Khalifa Haftar, who is supported by the Russians, Egyptians, France, Jordan, and the United Arab Emirates (UAE).

In October 2018, British intelligence officials said that two Russian military bases had been set up in Benghazi and Tobruk, located in eastern Libya to support Field Marshal Khalifa Haftar's forces. The bases were set up under the auspices of the Wagner Group but it has been reported that there were also 'dozens' of GRU personnel and special forces members present on the base providing training to Haftar's forces.⁶⁵ At this same time, Russian Kalibr missiles and S-300 SAM systems were also seen set up in Libya.⁶⁶

The head of the Russian contact group on intra-Libyan settlement, Lev Dengov, said that the comments by the British intelligence officers did not "correspond to reality", although RBK TV also confirmed the Russian military deployment to Libya.⁶⁷ By spring of 2019, when Haftar's forces were making large advances in the southern part of the country, they were able to capture Libya's largest oil field, known as the El Sharara, with the help of Wagner Group forces.⁶⁸ These kinds of captured oil assets serve both the Russians and the Wagner Group financially. By summer of 2019, the Al Jufra airbase was reportedly turned into a Wagner Group command center for operations to take wider control of the country's southern oil fields.⁶⁹

As Libya continues to be under a UN arms embargo, U.S. Africa Command (AFRICOM) on May 26, 2020 said it had assessed that Russia had recently sent military

⁶⁵ "Putin Plants Troops, Weapons in Libya to Boost Strategic Hold". Al Bawaba.

⁶⁶ Ibid.

⁶⁷ Maxim Suchkov, "Analysis: Reports on Russian troops in Libya spark controversy", Al-Monitor, October 12, 2018.

⁶⁸ "Russians arrested as spies in Libya worked for Russian firm Wagner", The Washington Post.

⁶⁹ Daily Sabah With Agencies, "Libyan government has had enough with Russian mercenaries, 'determined' to liberate country", Daily Sabah, June 28, 2020.

jets to Libya via Syria to support the Wagner Group and Haftar's LNA forces. It said the jets were repainted in Syria to remove Russian Federation Air Force markings.⁷⁰ In a tweet on May 27, AFRICOM added that 14 MiG-29 and Su-24 fighters bearing Russian Federation Air Force markings departed Russia "over multiple days in May."⁷¹ Russia, as usual, denied the claim and called it "disinformation."⁷² General Stephen J. Townsend, AFRICOM's commander said, "It would be Russian mercenary pilots flying Russian supplied aircraft to bomb Libyans." On that same day, AFRICOM posted on its Twitter account.

"Over multiple days in May, Russian MiG 29s and SU-24 fighters departed Russia. At that time, all the aircraft have Russian Federation Air Force markings. After they land at Khmeimin Air Base in Syria, the MiG 29s are repainted and emerge with no national markings. They are flown by Russian military members & escorted by Russian fighters based in Syria to Libya, landing in Eastern Libya near Tobruk for fuel. At least 14 newly unmarked Russian aircraft are then delivered to Al Jufra Air Base in Libya."⁷³

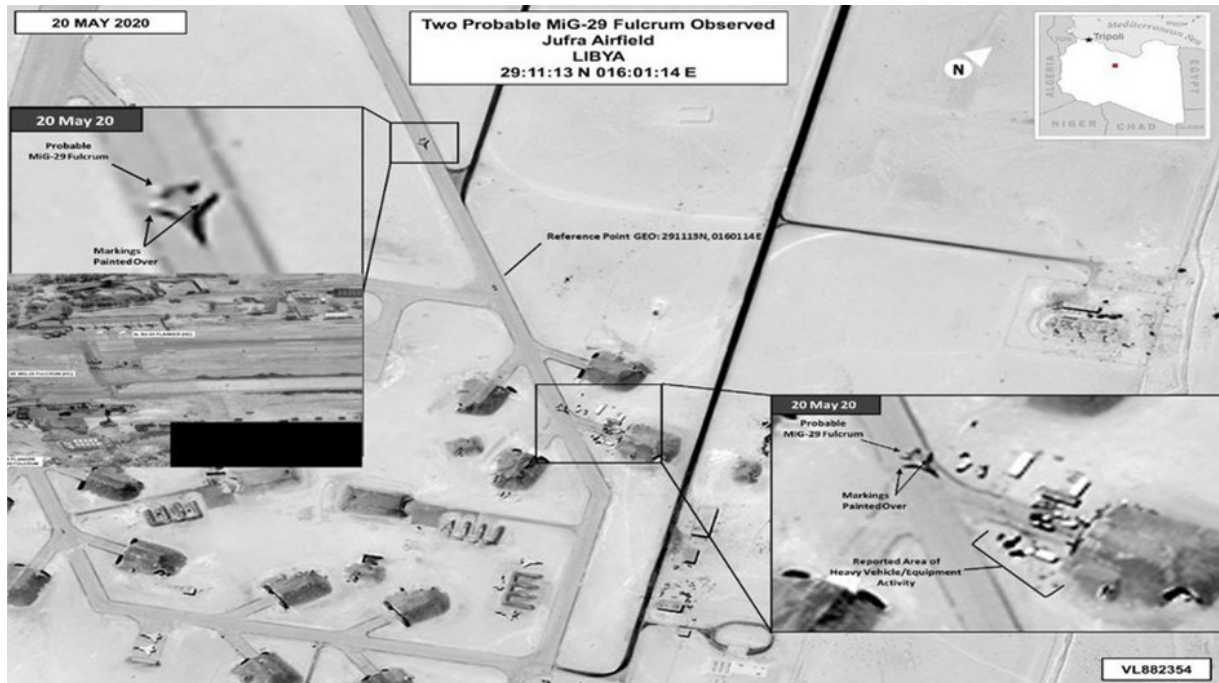
Other than the public reporting by AFRICOM, there were no other sources available to confirm that the aircraft were in fact flown by mercenary (Wagner Group) pilots rather than active Russian Air Force officers.

⁷⁰ Radio Free Europe/Radio Liberty, "U.S. Releases More Details About MiG-29s, Su-24s It Says Were Flown To Libya", May 27, 2020.

⁷¹ US AFRICOM, Twitter, U.S. Africa Command Public Affairs, "Russia, Wagner Group complicating Libyan ceasefire efforts." *United States Africa Command*. July 15, 2020.

⁷² Magdy, Sam "US Military: Russian mercenaries planted land mines in Libya", The Washington Post, July 15, 2020.

⁷³ Radio Free Europe/Radio Liberty, "U.S. Releases More Details About MiG-29s, Su-24s It Says Were Flown To Libya", May 27, 2020.



U.S. AFRICOM's official Twitter page – July 15, 2020⁷⁴

Only six weeks later in July, AFRICOM reported finding crude types of indiscriminately planted anti-personnel land mines and improvised explosive devices (IEDs). AFRICOM verified photographic evidence that shows “indiscriminately placed booby traps and minefields” around the outskirts of Tripoli and all the way east toward the strategic coastal city of Sirte since mid-June.⁷⁵ They also assessed that the Wagner Group was responsible for introducing these weapons into Libya. “Imagery and intelligence assessments show how Russia continues to interfere in Libyan affairs.”⁷⁶ Wagner Group’s reckless use of landmines and booby traps are harming innocent civilians,” said Rear Admiral Heidi Berg, AFRICOM’s director of intelligence. According to the U.S. Department of Defense, these escalations had not been seen before the summer of 2020.

⁷⁴ U.S. Africa Command Public Affairs, “Russia, Wagner Group complicating Libyan ceasefire efforts.” *United States Africa Command*. July 15, 2020.

⁷⁵ Magdy, Sam. “US Military: Russian mercenaries planted land mines in Libya.” *The Washington Post*, July 15, 2020.

⁷⁶ *Ibid.*

AFRICOM posted the photos shown below of improvised explosive devices and a concealed anti-personnel mine, allegedly found in a residential area in Tripoli.

In July, 2020 U.S. Marine Corps Maj. Gen. Bradford Gering, director of operations, U.S. AFRICOM said, “The Russian-state sponsored Wagner Group is demonstrating a total disregard for the safety and security of Libyans The Wagner Group’s irresponsible tactics are prolonging conflict and are responsible for the needless suffering and the deaths of innocent civilians. Russia has the power to stop them, just not the will.”⁷⁷ It is important to understand the possible bias AFRICOM may have in choosing to label Wagner Group as the definite culprit in these actions.

Discussion

This study hypothesized that as the Wagner Group became more independent and dispersed in more diverse locations around the world that it would act more independently from the objectives of the Kremlin. Throughout the research, the data revealed a great deal of concern about the Kremlin-Wagner relationship within the leadership of the Russian Ministry of Defense, including the Defense Minister. Furthermore, the hypothesis assumed there would be greater friction within the principal-agent relationship, especially when the Russians saw the Wagner Group’s actions possibly bring them into a kinetic confrontation with American forces in Syria. After full review and analysis of the data, it is evident that the principal-agent problem did not

⁷⁷ U.S. Africa Command Public Affairs, “Russia, Wagner Group complicating Libyan ceasefire efforts.” *United States Africa Command*. July 15, 2020.

permanently affect the continued relationship in ways predicted, because Putin was always there to ensure Prigozhin's and Wagner's continued contracts, at some points even having his own government negotiate on their behalf in other countries.

It is important to note that Wagner did clearly threaten the principal-agent relationship with the actions it took in Deir Ezzor in 2018, as the data shows the Russians did not overtly approve of the operation – though they did not speak out against it either. The Deir Ezzor event is the most important data point in this study because it perfectly exhibits the principal-agent problem that existed between the Kremlin and the Wagner Group. The principal-agent problem in this scenario exemplifies the conflict of priorities Prigozhin and Wagner created for their principal. The problem is clearly showing the agent, Wagner Group, acting in a way that is contrary to the best interests of the principal, Russia. It was clear that Wagner acted in its own self-interest and went outside the bounds of the delegated authority it had been given by Russia in Syria. Their desire to capture the Conoco gas plant overrode their consideration for their principal, which was to avoid the Americans and continue to reclaim land captured by Syrian rebels. In the aftermath of Deir Ezzor, Prigozhin reportedly had to convince angry Kremlin aides that the mistake would not happen again.⁷⁸

This incident immediately raises the question of why Wagner ground commanders to believe it was a good idea to attack a base with U.S. forces. Was the motivation of

⁷⁸ Reynolds, Nathaniel. "Putin's Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group." *Carnegie Endowment for International Peace* (July 2019): <https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

additional revenue so strong that they were willing to go outside of their delegated authority and attack the gas plant on their own because of profit-driven desires? Based on the Russian military's reaction, it appears to be the latter of the two. From the data, it appears that Wagner chose to attack the gas plant and as a result there was a total breakdown of the principal-agent relationship. Following this apparent breakdown of support by the Russian MoD for Wagner forces in Syria, operations were considerably reduced and affected as its support declined and Prigozhin developed more commercial financial pursuits for the group.

An unfortunate reality for the Wagner Group forces from the Deir Ezzor fiasco is that the Russian military may have sacrificed the lives of their fellow countrymen and veterans who work for Wagner as a way to send Prigozhin a message. According to Russian reporter, Dmitry Gorenburg, it may have been reprisal for the believed to be theft from MoD budgets, or Prigozhin's previously successful lawsuits over military catering contracts.⁷⁹

The principal-agent theory is an important and effective framework through which to investigate this murky and concealed relationship. It has provided a lens to analyze the dynamics of this unique relationship that other frameworks would not have been able to do.

⁷⁹ Gorenburg, Dmitry. 2016. "More Details on Baltic Fleet Shakeup." *Russian Military Reform* blog, June 30, 2016. <https://russiamil.wordpress.com/2016/06/30/more-details-on-baltic-fleet-shakeup/>

What has been so beneficial about this arrangement for the Russian government is that it gets an off the books combat force and in recent situations has set it up so that another government or regime is paying for their services, while the Kremlin is benefitting from the gained influence within these countries. Second, the Kremlin can deny responsibility for Wagner by keeping it outside state control. Putin himself argued in a 2018 interview that Russia has no responsibility for what Prigozhin does because he has no official position.⁸⁰

This study further solidifies the understanding that Vladimir Putin is the ultimate decisionmaker within the Russian government, even when the most senior level of the MoD has grown frustrated and tired of the Wagner Group's actions. Though it is well known, this study provides further evidence confirming that to be a successful oligarch in Russia, one must ensure their relationship with Putin is maintained over any other senior principal in the government. Prigozhin knows his efforts and actions must always be tied to Putin's desires. By using Wagner and the Internet Research Agency to support Putin's domestic and international goals, Prigozhin is constantly attempting to strengthen his claim on profitable contracts paid by both the Russian government and others while ensuring his place within Putin's court. As with all powerful oligarchs in Russia, the more he does for Putin, the more he gets in return. At the same time, as the principal in this dynamic, Putin has always had the luxury of being the final decision maker as to who can operate on the Kremlin's behalf and has such as been delegated that authority. As

⁸⁰ Reynolds, Nathaniel. "Putin's Not-So-Secret Mercenaries: Patronage, Geopolitics, and the Wagner Group", *Carnegie Endowment for International Peace*. July 2019.
<https://carnegieendowment.org/2019/07/08/putin-s-not-so-secret-mercenaries-patronage-geopolitics-and-wagner-group-pub-79442>

Prigozhin well knows, Wagner like other entities can only capture more contracts with Putin's blessing.

Wagner Group Deployments	Russian Government Objectives	Wagner Group Objectives	Agreement or Divergence?
Ukraine	To keep Ukraine within its sphere of influence by preventing it from joining the EU and eventually NATO	To support the Russian Government objectives and provide combat ready forces to fight in Crimea and Eastern Ukraine	Agreement
Syria	To ensure Bashar Al-Assad's regime does not fall; maintain its only military bases on the Mediterranean	To support Russian Government objectives, but also to find other lucrative business opportunities primarily in the oil and gas industry	General agreement, but Wagner Group was at times diverged from Russia's goals by pursuing profitable business opportunities, harming Russia's information campaign on their role in Syria
Libya	Gain a military foothold in North Africa and on the Mediterranean by supporting Gen. Haftar and to find financial opportunities for Russian petrochemical firms.	Provide combat ready forces to Gen. Haftar and to capture and protect energy infrastructure that can be monetized by Russian petrochemical firms.	Agreement

Conclusion

After full review and analysis of the data, it is evident that the principal-agent problem did not affect the continued relationship in ways predicted, because Putin was always

there to ensure Prigozhin's and Wagner's continued contracts, at some points even having his own government negotiate on their behalf in other countries.

The Wagner Group has offered the Russian government a form of power projection that it would otherwise not have in warzones around the world. This one capability alone gives an economically weak Russia, a powerful hand to play in the international system. By using these forces, Russia has been able to pursue its objectives that the Russian military could neither afford financially nor geopolitically survive by putting their own regular troops on the ground. The Wagner Group will continue to be used for deception and deniability reasons on a vast scale throughout the world. By the Russian government claiming no relationship with the Wagner Group, it provides legal loopholes that permit PMC groups handpicked by the Kremlin to perform a run around national and international prohibitions against mercenary activity. By utilizing these groups, which are illegal under the Russian constitution, the Kremlin can simply continue to deny having any involvement with or idea what they are doing in these various locations.

This study has effectively shown many examples of both. But it is clear that the Kremlin and Putin himself find many more benefits than costs by using the Wagner Group. Looking into the future, one should expect to see the continued proliferation of mercenary groups by international actors like the Russian Federation.

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Curriculum Vita

Preston Feinberg was born and raised in Albuquerque, New Mexico. After leaving New Mexico, he attended the University of South Carolina and studied Political Science with a concentration on Islamic Studies. In his professional career, he is an analyst covering Air Force programs for a defense contractor in Washington, D.C.

As a student at Johns Hopkins University (JHU), Preston has spent multiple semesters researching and writing on Russia's recent geopolitical activities. He has done a considerable amount of research and analysis on their efforts in Africa, South America, Syria, and Ukraine. Throughout his JHU tenure, Preston closely tracked their grey-zone and hybrid warfare tactics throughout regions around the world. Specifically, Preston has had a strong interest in the mercenary groups that Russia utilizes as a tool of their foreign policy. This specific topic has sparked his interest, because their relationship with organizations like the Wagner Group, which exists in the murky oligarch system of Vladimir Putin's regime. Preston believes this research is important for national security analysts to review and study so that they can better predict future aggressive actions by the Russian Federation and their proxies like the Wagner Group.